

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7667**

**BILL NUMBER:** SB 519

**NOTE PREPARED:** Jan 10, 2007

**BILL AMENDED:**

**SUBJECT:** Use of Recycled Components in School Construction.

**FIRST AUTHOR:** Sen. Waterman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Commission for Higher Education to establish statewide guidelines requiring the use of recycled components in certain construction projects of state educational institutions.

It also requires the State Board of Education to adopt rules mandating the use of recycled components in certain school construction projects.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The requirement that the Commission for Higher Education establish guidelines and the State Board of Education adopt rules requiring the use of recycled components in certain construction projects should not increase expenses of the Commission or the Board.

The increase in construction cost for state educational institutions due to the use of recycled components in new construction or repair, rehabilitation, remodeling, renovation, reconstruction, or alteration of existing facilities or buildings, including dormitories, fieldhouses, gymnasiums, student unions, and halls of music would depend on the project and the cost of the recycled components. The 2005 budget bill authorized bonds for about \$242.5 M of construction projects. Each 1% increase in costs would increase annual fee replacement by about \$242,500 per year if the bonding was for 20 years at 5% interest.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The increase in construction cost for schools due to the use of recycled

components in new construction or alteration or rehabilitation of existing facilities is unknown. The Department of Local Government Finance approved school construction projects worth \$687.2 M during CY 2006 and \$1,261.8 M during CY 2005. Each 1% increase in costs would increase the annual debt service payment by between \$500,000 and \$1M per year if the bonding was for 20 years at 5% interest

**Explanation of Local Revenues:**

**State Agencies Affected:** Higher Education Commission; Department of Education; State Colleges and Universities.

**Local Agencies Affected:** Local schools.

**Information Sources:** Department of Local Government Finance.

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